

ECONOMIC DEVELOPMENT: A SURVEY OF STATE ACTIVITIES

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The Council of State Governments
Iron Works Pike
P.O. Box 11910
Lexington, Kentucky 40578

Manufactured in the United States of America

ISBN 0-87292-040-2

RM 725

Price: \$15.00

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FOREWORD

Economic growth and development are among the highest priorities in nearly every state. An important part of this effort involves fostering economic diversification through the development of new industries, and the expansion of existing businesses. Recently, state officials have placed increasing emphasis on assisting entrepreneurs in developing new businesses which have the potential for long-term growth. Most important among these are service industry and high technology firms.

This publication contains information and analysis on state economic development programs. More precisely, the Council has presented an overview of state services offered to industry and local communities, promotional efforts to attract industry, tourism and travel activities, and the state role in encouraging scientific research and development.

Frank H. Bailey
Executive Director

ACKNOWLEDGEMENTS

It is important to acknowledge in a publication such as this, each individual who, through his or her hard work, made the publication possible.

These include Karen Haller of the States Information Center Staff; Cheryl Peck, a research associate with the Finance and Taxation Program; and Margaret Haertzen, for clerical support.

A special note of thanks also must go to the state economic development officials who took time from their schedules to share information on their state programs. Their cooperation and assistance contributed greatly to the completion of this document.

INTRODUCTION

State and local government officials have long been aware that an aggressive economic development plan is essential to attracting new industry and keeping established businesses. New and expanding businesses mean employment opportunities and a diversified economic base—ingredients important to state economic well-being.

Every state has suffered substantial revenue loss from the recession. However, a national trend does not always reflect the economic situation of a particular state or locality. Conversely, recovery in one sector of the economy may not offer much hope to areas that depend upon heavy industrial concerns as their primary source of employment.

Several states that have experienced the full impact of a sharp downturn in the economy have developed long-term plans to address the problem. Through a planned system of incentives and innovative development packages, improvement has been made in many jurisdictions.

This survey provides an overview of economic development programs in 48 states and Puerto Rico, ranging from the organization and function of development agencies to financial incentives available to small businesses and minority entrepreneurs.

A five-part survey was sent in September 1982 to the directors of each state's economic development office. Forty-eight states and Puerto Rico responded to the questions, the answers to which have been compiled into this report in order to assist state officials in their development programs. In addition, the report allows a direct comparison of the budgets, personnel, state services to industry and local communities, advertising and media promotion, tourism activities, and a number of other specialized areas. To facilitate comparison and analysis, components of the report are presented in tables at the end of the text.

This report will be of interest to economic development officials, leaders of business and industry, legislators and anyone concerned with establishing a positive environment for business growth and development.

CHAPTER 1

STATE ORGANIZATIONS FOR ECONOMIC DEVELOPMENT

All 50 states have an office of economic development, although formal titles may vary slightly. These agencies shoulder a variety of responsibilities but share one primary goal: to foster the growth and development of their state's economy. In every state except Virginia, exclusive or primary responsibility for the coordination of this goal is centralized in one agency. While other state agencies often provide significant support, development is not their major function. In Virginia, four agencies are active in promoting their state: the Department of Agriculture (agricultural product use and export); Department of Conservation and Economic Development (travel, tourism, forestry and mineral resources); Division of Industrial Development operating under the governor's office (industrial development, investment and export of manufactured goods); and the Virginia Port Authority (use of state ports).

Policy direction for economic development programs comes primarily from governors' offices, but this role is sometimes shared with the Secretary of Commerce and Resources and the Secretary of Transportation.

Elements of Economic Development

While each state has its own policies, practices and strategies for encouraging economic development, many aspects of the process are similar in every state. State development activities usually involve the following functions: 1) planning and initiation of development programs; 2) coordination of state development activities; 3) provision of information services; 4) provision of technical and other direct services; 5) provision of financial assistance; 6) coordination of overseas development activities; and 7) research and promotion. Although these activities have traditionally been directed toward industrial development and tourism, increasing emphasis is being placed on other areas as well—particularly commerce and agriculture.

State agencies which seldom played a significant development role in the past are now providing vital support to the overall development effort. The most prominent among these are state planning agencies, state universities, port authorities, and state departments of health, labor, education, highways and transportation, and natural resources. These agencies are increasingly aware that their programs, resources, and services are an integral part of the development picture.

The Economic Development Agency

In nearly every state, the "main agency" is directly responsible for industrial development programs. In states where tourist promotion is not the responsibility of a separate state agency, the main agency has this responsibility as well. However, the extent to which the main agency is involved in other areas (i.e. product development, etc.) varies widely. In states where a department of natural resources, for example, maintains a long-standing program of product development and promotion, it is rare that the economic development agency would also undertake extensive work in that area. In many instances, when one or two industries are dominant in a state, the economic development agency plays an active role in promoting other state products in an effort to help diversify the economic base.

Development Functions

The primary economic development agency is, in many ways, a general purpose agency because of its responsibility in overseeing the state's entire development effort and because it relies heavily on the resources and expertise of other state agencies rather than on duplication of their efforts. This approach fits well with the functions of the economic development agency. The main agency seeks to identify the state's advantages and resources for economic development and to develop programs that can be advertised to promote the state. Conversely, the agency is also involved in identifying any disadvantages and facilitating their removal.

Date of Establishment

Of the 44 states and Puerto Rico responding to this question, 12 indicated that their economic development agency was established in its present form before 1960. Eleven states and Puerto Rico reported their agency was formed between 1960 and 1970, and 13 states reported formation between 1970 and 1980. The eight remaining states (Delaware, Idaho, Kentucky, Minnesota,

Montana, New Jersey, South Dakota and Virginia) established their Department of Economic Development in its present form after 1980. In a few states, an entirely new agency was formed, but in many others the date refers to a reorganization of an existing agency. This often involved adding development and planning functions to a variety of activities for which an agency was already responsible. The fact that more than half the dates given fall after 1970 indicates the level of state interest in economic and community development in the past 13 years. (See Table 1.)

Agency Budget

In fiscal 1983, agency budgets which include economic development activities ranged from \$278,600,000 in Ohio to \$900,000 in South Dakota. Four states in addition to Ohio have budgets over \$100 million: Michigan (\$205,351,600), Illinois (\$197,154,800), Kentucky (\$136,283,700) and North Carolina (\$110 million). However, when the percentage of these budgets devoted only to economic development activities is examined, the leaders are Illinois, Kentucky, New York, Minnesota, Maryland, Ohio, Hawaii and Michigan.

While these figures are particularly striking, direct comparisons cannot always be made when examining the agency budgets of two or more states. Some economic development agencies perform tourist functions while others do not. In some states, development activities are handled through departments of labor, agriculture, or natural resources, for example, while in others that function is undertaken almost exclusively by the main economic development agency. Also, while some states rely heavily on advertisement and promotion, others depend heavily on staff services. These factors must be considered when making budget comparisons. Budget figures are most useful in measuring the gross differences of magnitude from state to state rather than in the specific dollar amounts devoted to economic development.

Personnel

The largest number of personnel in state economic development agencies work in North Carolina (2,500) and Michigan (1,585). Other states with sizable staffs include Illinois (507), Maryland (417), New York (370), and Florida (333). However, only a small percentage of this workforce devotes its time exclusively to economic development. In most instances, professional or administrative staff outnumber clerical staff by more than 40 percent. The exception is Pennsylvania, where the clerical workers employed by the agency slightly outnumber the professionals. Michigan (813), Il-

linois (388), and New York (231) employ the largest number of professional staff. Oklahoma and Texas report two consultants on staff located in Mexico City.

The smallest number of economic development staff is employed in small New England states and Western states. Eight states report less than 30 staff members: Nevada (9), Maine (11), Utah (14), New Hampshire (16), North Dakota (17), South Dakota (19), Wyoming (24) and Alabama (26). In these states, professional staff outnumber clerical personnel by a wider margin than the average.

Caution should also be used when comparing personnel statistics, for agency functions and organization vary. Where the development function is performed within an agency also responsible for non-development functions, some supporting staff may not have been reported. (See Table 2.)

Organization

In 30 states and Puerto Rico, the economic development agency is organized as a state department with a single individual directing the agency. Of these states, 10 have a board which advises the agency director. These advisory boards should not be confused with boards which head main state agencies. The powers and functions of such administrative boards are quite different.

In five states (Alabama, Arizona, Delaware, Louisiana and Maine) the primary agency is organized as an office of economic development. Six states (Colorado, Idaho, Missouri, New Hampshire, South Dakota and Utah) classify it as a division or a bureau; and six states (Iowa, Mississippi, North Dakota, South Carolina, Texas and Minnesota) use a board or commission to direct their development efforts.

States whose economic development agency is classified as a department and is headed by a single director receive a great deal more funding and staff support than those in which the agency is categorized as a division or office, allowing more activity in the field.

Appointment of the Director

In most states, the director of the economic development agency is appointed by the governor. However, there are exceptions. In Colorado and Missouri, the individual responsible for development is a division head and is, therefore, appointed by the director of the department. Indiana has two deputy executive directors, but the department director is the lieutenant governor of the state. In New Hampshire, Tennessee and Nebraska, the director is selected by the governor with either the advice and/or approval of a board or

commission. Four states (Georgia, Mississippi, South Carolina and Texas) appoint the director from a consensus of the governing board or advisory commission.

Board Appointment and Membership

A variety of mechanisms are used to select board members. In Georgia, the governing board is comprised of two members from each congressional district who are appointed by the governor. In Mississippi, the 14-member board consists of the governor, lieutenant governor, speaker of the House of Representatives, commissioner of Agriculture, director of the Research and Development Center, one member of the House of Representatives (appointed by the speaker), one member of the Senate appointed by the lieutenant governor, and five members from the state at-large appointed by the governor. The speaker and the lieutenant governor each appoint one at-large member as well. The governor of South Carolina appoints one member from each of 16 judicial districts and three members at-large to serve on the economic development governing board. In Texas, the governor appoints 12 commissioners from different geographic areas. Two must represent employers, while two others must represent labor. Three members represent rural areas and five represent the general public.

In states where a board serves in an advisory capacity, geographic distribution is the most predominant requirement in appointing members. Most states require the appointment of at least one member from each county or congressional district. Other requirements include distribution among interest groups (members from agriculture, industry, labor, the legislature and the public) and political distribution. (See Table 3.)

TABLE 1
State Economic Development Structure

<i>State</i>	<i>Date Established in Present Form</i>	<i>Single Agency Exclusively Responsible</i>	<i>Single Agency Primarily Responsible</i>	<i>Name</i>
Alabama	1969		*	Development Office
Alaska				
Arizona	1968	*		Office of Econ. Plan & Development
Arkansas				
California	1978		*	Dept. of Econ. & Business Development
Colorado	1963	*		Div. of Commerce & Development
Connecticut	1973	*		Dept. of Economic Development
Delaware	1981	*		Development Office
Florida	1957	*		Dept. of Commerce
Georgia	1962		*	Dept. of Industry & Trade
Hawaii	1963		*	Dept. of Plan. & Economic Development
Idaho	1980		*	Div. of Economic & Community Affairs
Illinois	1979	*		Dept. of Commerce & Community Affairs
Indiana		*		Dept. of Commerce
Iowa	1954		*	Development Commission
Kansas		*		Dept. of Economic Development
Kentucky	1980	*		Commerce Cabinet
Louisiana			*	Dept. of Comm., Office of Comm. & Ind.
Maine	1975		*	State Development Office
Maryland	1970		*	Dept. of Econ. & Community Devel.
Massachusetts	1953		*	Dept. of Commerce
Michigan		*		Dept. of Commerce
Minnesota	1981	*		Dept. of Energy, Plan. & Development
Mississippi	1946	*		Dept. of Economic Development
Missouri	1961		*	Div. of Community & Econ. Development
Montana	1981	*		Dept. of Commerce
Nebraska	1967	*		Dept. of Economic Development
Nevada	1955		*	Dept. of Economic Development
New Hampshire	1961	*		Div. of Economic Development
New Jersey	1981		*	Dept. of Commerce & Econ. Devel.
New Mexico	1979		*	Commerce & Industry Department
New York	1944		*	State Dept. of Commerce
North Carolina	1977		*	Dept. of Commerce
North Dakota	1957	*		Economic Development Commission
Ohio	1972		*	Dept. of Development
Oklahoma	1955	*		Dept. of Economic Development
Oregon	1973		*	Economic Development Department
Pennsylvania	1939		*	Dept. of Commerce
Rhode Island	1974	*		Dept. of Economic Development
South Carolina	1945		*	State Development Board
South Dakota	1982	*		Bureau of Industrial & Ag. Development
Tennessee	1973	*		Dept. of Econ. & Community Devel.
Texas	1959		*	Industrial Commission
Utah	1965		*	Div. of Economic Development
Vermont	1971		*	Agency of Devel. & Community Affairs
Virginia	1982			Various Independent Agencies
Washington	1957		*	State Dept. of Commerce & Econ. Devel.
West Virginia	1977	*		Gov.'s Office of Econ. & Community Dev.
Wisconsin	1967		*	Dept. of Development
Wyoming	1968	*		Dept. of Economic Plan. & Development
Puerto Rico	1961		*	Dept. of Commerce

TABLE 2
State Economic Development Budget and Personnel

<i>State</i>	<i>Percent of FY 1982 Budget Used for Economic Development</i>	<i>Budget for FY 1983</i>	<i>Total Full-Time Staff in FY 1983</i>	<i>Number of Professional & Administrative</i>	<i>Number of Support Staff</i>
Alabama	100%	\$ 2,900,000	26	18	8
Alaska					
Arizona	100%	2,549,000	55		
Arkansas					
California	100%	8,053,000	70	49	21
Colorado	100%	2,000,000	30	24	6
Connecticut	100%	3,800,000	60	45	15
Delaware	100%	3,142,500	53	31	22
Florida	34%	16,968,303	333	177	156
Georgia	54%	9,056,493	163	105	58
Hawaii	79.8%	12,690,730	181	114	67
Idaho					
Illinois	99%	197,154,800	507	388	119
Indiana	100%	3,632,690	149	110	39
Iowa	100%	2,569,201	54	38	16
Kansas	50%	3,103,324	41	30	11
Kentucky	33%	136,283,700	166	93	73
Louisiana	100%	7,780,872	49	38	11
Maine	100%	1,000,000	11	8	3
Maryland	36%	48,500,000	417		
Massachusetts	50%	3,200,000	100	50	50
Michigan	2.5%	205,351,600	1,585	813	772
Minnesota	50%	40,801,500	218	154	64
Mississippi	100%	4,443,247	109	84	25
Missouri	100%	2,686,497			
Montana	±.05%	21,695,093	172	156	16
Nebraska	100%	3,500,000	66	45	21
Nevada	100%	943,901	9	5	4
New Hampshire	100%	1,659,000	16	11	5
New Jersey	51%	5,200,000	95	68	27
New Mexico	12.4%	9,143,100 ²	199	77	122
New York	100%	41,000,000 ¹	390	231	159
North Carolina	7.7%	110,000,000	2,500 ²		
North Dakota	50%		17	11	6
Ohio	6%	278,600,000	301	213	88
Oklahoma	100%	1,800,000	36	26	10
Oregon	100%	3,646,367	37	27	10
Pennsylvania	100%	45,800,000	195	95	97
Rhode Island	100%	4,900,000	42	28	14
South Carolina	100%	3,000,000	60	45	15
South Dakota	100%	900,000	19	14	5
Tennessee	100%	8,500,000	125	95	30
Texas	100%	1,866,747	47	33	14
Utah	100%	1,400,000	14	10	4
Vermont	62%	2,835,000	72	49	23
Virginia ³	...	15,000,000	206		
Washington	100%	5,704,716	44	28	16
West Virginia	57%	5,000,000	62	25	37
Wisconsin	27%	6,149,000	147	105	42
Wyoming	25%	3,000,000	24	19	5
Puerto Rico	100%	2,937,300	181	140	41

1. New York's budget is the requested amount.

2. North Carolina has 2,500 in the department and 169 in economic development

3. Virginia has various independent agencies responsible — Dept. of Agriculture and Consumer Services, Dept. of Conservation and Economic Development, Division of Industrial Development, Virginia Port Authority.

TABLE 3
Organization of Economic Development Agency

<i>State</i>	<i>Organization of Agency</i>	<i>Appointment and Composition</i>	<i>Chief Executive Officer Appointed By:</i>
Alabama	Office	Citizens from throughout the state serve in an advisory capacity on a board.	Governor
Alaska			
Arizona	Office	Not applicable	Governor
Arkansas			
California	Department, single head	Governor's Advisory Council on Economic Development provides advisory assistance. The Governor appoints 20 members and one additional member is from the Lieutenant Governor's office.	Governor
Colorado	Division	Not applicable	Executive Director of Dept.
Connecticut	Department, single head	Not applicable	Governor
Delaware	Office, single head	Not applicable	Governor
Florida	Department, single head	Economic Development Advisory Council advises. Members are appointed from the private sector by the Governor.	Governor
Georgia	Department, single head	Two members are appointed by the Governor from each congressional district to give policy direction.	Board of Industry and Trade
Hawaii	Department, single head	Not applicable	Governor
Idaho	Division	A six-member Advisory Council is appointed by the Governor with one from each of the six planning regions.	Governor
9 Illinois	Department, single head	Not Applicable	Governor
Indiana	Department, two Deputy Executive Directors		Lieutenant Governor, who is the Director of the Department
Iowa	Commission	The 11-staff Commission is appointed at large for four-year terms by the Governor. The chairman, vice chairman and secretary are named by the Governor.	Governor
Kansas	Department, single head	Advisory commission has nine members appointed by the Governor.	Governor
Kentucky	Cabinet, single head	Some financing programs have boards or committees established by statute, usually appointed internally or gubernatorially, with legislative representation.	Governor
Louisiana	Office	Not applicable	Governor
Maine	Office	Not applicable	Governor
Maryland	Department, single head	The Economic and Community Development Advisory Commission provides assistance. Appointment of members is by the Secretary and approved by the Governor with broad geographic and private sector representation.	Governor
Massachusetts	Department, single head	Not applicable	Governor
Michigan	Department, single head	Not applicable	Governor
Minnesota	Department, with Commissioners	Not applicable	Governor
Mississippi	Board	The 14 members are the Governor, Lieutenant Governor, Speaker of the House of Representatives, Commissioner of Agriculture, Director of the Research and Development Center, one member of the House of Representatives (appointed by the Speaker), one member of the Senate (appointed by the Lt. Governor), five members appointed by the Governor on a staggered term basis, and two members from the state at large appointed by the Speaker and Lt. Governor respectively.	Board of Economic Development
Missouri	Division	Not applicable	Director of the Dept. of Consumer Affairs, Regulation & Licensing

State	Organization of Agency	Appointment and Composition	Chief Executive Officer Appointed By:
Montana	Department, single head	Not applicable	Governor
Nebraska	Department	Advisory committee has 11 members appointed by the Governor with at least three members from each congressional district.	Governor selects from recommendation of advisory committee.
Nevada	Department, single head	Seven member advisory board appointed by the Governor.	Governor
New Hampshire	Division	Governor and Counsel	Governor and Council
New Jersey	Department, single head	Not applicable	Governor
New Mexico	Department, single head	Within the department, the Division of Economic Development receives direction from the Board of Economic Development. Board members selected from the seven planning districts are appointed by the Governor.	Governor
New York	Department, single head	Not applicable	Governor
North Carolina	Department, single head	Not applicable	Governor
North Dakota	Commission	The Governor appoints eight members, one at large and one from each of the seven judicial districts. The Governor has delegated his statutory responsibility as chairman to the Lt. Governor.	Governor
Ohio	Department, single head	Not applicable	Governor
Oklahoma	Department, single head	The Governor appoints nine members, three at large and one from each of the six congressional districts to give policy direction.	Governor
Oregon	Department, single head	Not applicable	Governor
Pennsylvania	Department, single head	Not applicable	Governor
Rhode Island	Department, single head	Not applicable	Governor
South Carolina	Board	The Governor appoints one member from each of 16 judicial districts and three at large.	Board/Commission
South Dakota	Bureau, single head	Bureau has an advisory board.	Governor
Tennessee	Department, single head	Industrial and Agricultural Development Commission sets policy. Members are appointed by the Governor with four private members from each of the three divisions and three ex officio members, the Governor, Speaker of the Senate and Speaker of the House.	Governor with approval of the Commission
Texas	Commission	The Governor appoints 12 commissioners from different geographical areas, two represent employers of labor, two represent employees of labor, three members represent rural areas and five represent the general public.	12-member board
Utah	Division	The Governor appoints one member per judicial district to a Policy Making Board.	Governor & Dept. Director
Vermont	Department	Not applicable	Governor
Virginia ¹	Not applicable	Not applicable	Not applicable
Washington	Department, single head	Not applicable	Governor
West Virginia	Department, single head	Not applicable	Governor
Wisconsin	Department, single head	Council on Economic and Community Development is inactive.	Governor
Wyoming	Department, single head	Not applicable	Governor
Puerto Rico	Department, single head	Not applicable	Governor

1. Virginia's economic development activities are carried out by a number of independent agencies.

CHAPTER 2

INDUSTRIAL DEVELOPMENT: STATE SERVICES TO BUSINESS, INDUSTRY AND LOCAL COMMUNITIES

As previously noted, the primary economic development agency performs a variety of functions, including planning and initiation of development programs, coordinating public and private participation in the total development effort of the state, and generally promoting the products and resources of the state. In addition, the agency usually has specific responsibility for industrial development and, in many states, is responsible for tourist promotion as well.

Services are offered primarily to business and industry, and are intended to attract industrial prospects to the state and to facilitate relocation. The economic development agency also provides services to local communities to help make them more attractive to industrial prospects.

Excluding financial assistance, which is often provided by other, more specialized agencies, services are of four types: informational, technical, educational, and labor (recruitment and training). However, the definition of what these services include varies from state to state. For example, while technical assistance in one state may mean lending a technical expert to an industrial prospect, in another it may refer to providing already developed technical information or directing the recipient to other state agencies which have needed expertise.

In addition, not all services are provided by the primary development agency. In many instances, services may be provided through the agency, or the main agency may refer recipients to a more specialized agency. As a consequence, not all services provided by specialized agencies to industrial prospects or local communities are designed exclusively for development purposes.

State Services to Business and Industry

Information Services

Providing information to business and industry lies at the heart of state development activities. It is essential to promotional activities, and once the prospect has decided to locate in a particular state, further reliable information is needed to ease relocation. A general clearinghouse and referral service for industries seeking development data is available in each of the 48 reporting states and Puerto Rico. The development agency in every state keeps an up-to-date inventory on such subjects as natural resources, the availability of power and fuel, transportation and communication systems, water and waste disposal facilities, and manpower resources. Every state also keeps information on the resources and services of local communities and on relevant state legislation, especially as it relates to taxation. Every development agency also publishes at least one directory or data book periodically. Thirty-four states offer "one-stop" business permitting, and all development agencies except Texas report that they provide prospects with special community or economic studies upon request.

The primary economic development agency seldom has the research capacity to develop all the information it makes available to industrial prospects. Rather, the main agency serves as the central source of development data and undertakes original research when other sources of information are not available. The original collection and analysis of information is most often done by other state agencies with specialized functions. The role of the primary development agency in this process is as information coordinator.

Technical Services

The primary development agency in each state is involved in five main areas of technical support: mapping, statistical, legal, engineering, and architectural services. Often these services are offered in conjunction with another department. For example, when mapping services are not offered directly by the main development agency, they are commonly available through the highway department. The same is true for assistance in legal matters. Sometimes the Attorney General's office will assist the development agency in providing legal services to its constituency.

Among the agencies responding, seven states (Illinois, Indiana, Maryland, Massachusetts, Mississippi, Ohio and West Virginia) and Puerto Rico reported offering legal assistance to in-

dustrial prospects; three (Maryland, Massachusetts and New York) offer architectural services; and nine offer engineering services.

Statistical and mapping services are more commonly available from state development agencies. Twenty-five states report involvement in mapping services, while 38 states and Puerto Rico offer statistical services.

Labor Services

Recruitment and training are the two labor services of economic development agencies. Recruitment is often performed by the state division of employment and security, while training is provided by the state vocational training agency (usually a division of the Department of Education). Cooperation between these agencies is an integral part of the development process, assuring that skilled workers are available for industrial development.

Thirty-nine states indicated that they recruit necessary labor, and 47 train labor for specific industrial development needs. Wyoming and Puerto Rico indicated no activity in either area. (See Table 4.)

Location Assistance

Once an industrial prospect is ready to seriously consider establishing a plant in a particular state, development agencies in 48 states offer site selection assistance. However, in most instances, the agency only advises. A few do become involved in planning, development, leasing and operation of industrial sites, although those matters are more typically local or private concerns.

Industrial Parks

A growing number of states are playing a role in the development and operation of industrial parks, which provide a functional and attractive setting that will induce industry to locate in an area. Although some parks contain a variety of occupants, usually they are zoned for specific uses such as heavy industry, light industry, wholesale and trucking terminals, or research and development. Another variation, the office park, is also very popular.

Industrial parks are often developed under private, municipal, or local development corporation auspices, but in some jurisdictions the state is directly involved in planning, construction and lease or operation.

Eleven states, primarily in the East and Midwest, plan industrial parks. Twelve states are involved in developing the parks; three operate the

sites; and four lease locations within industrial parks. Only three states develop, plan, construct, and lease or operate parks: New Hampshire, New Jersey and Rhode Island.

Industrial Plants

The construction, operation, leasing or sale of industrial plants are activities almost never undertaken by state development agencies. Typically these functions are handled by local or private organizations; however, there are a few exceptions. Kentucky and Maine participate in the building, leasing, and selling, while New Jersey handles only construction and leasing. New Hampshire is also involved in industrial plant construction; North Dakota has limited involvement in plant operation; Rhode Island handles plant leasing in some instances; and Connecticut is involved in selling industrial plants. (See Table 5.)

TABLE 4
State Services To Business And Industry

State	Information Services					Technical Services					Labor Services	
	General Information Service	Keeps Inventories	Issues Directories	Makes Special Community or Economic Studies	"One Stop" Business Permitting	Mapping	Statistical	Legal	Engineering	Architectural	Recruit Labor	Train Labor
Alabama	•	•	•	•	•		•				•	•
Alaska												
Arizona	•	•	•	•							•	•
Arkansas												
California	•	•		•	•		•				•	•
Colorado	•	•	•	•	•	•	•				•	•
Connecticut	•	•	•	•	•		•				•	•
Delaware	•	•	•	•	•	•	•				•	•
Florida	•	•	•	•	•		•				•	•
Georgia	•	•	•	•	•	•	•				•	•
Hawaii	•	•	•	•	•	•	•				•	•
Idaho	•	•	•	•	•	•					•	•
Illinois	•	•	•	•	•	•	•	•				•
Indiana	•	•	•	•		•	•	•			•	•
Iowa	•	•	•	•	•		•				•	•
Kansas	•	•	•	•			•					•
Kentucky	•	•	•	•	•	•	•				•	•
Louisiana	•	•	•	•			•				•	•
Maine	•	•	•	•			•				•	•
Maryland	•	•	•	•	•	•	•	•		•	•	•
Massachusetts	•	•	•	•	•	•	•	•	•	•	•	•
Michigan	•	•	•	•	•	•	•		•		•	•
Minnesota	•	•	•	•	•	•					•	•
Mississippi	•	•	•	•	•	•	•	•			•	•
Missouri	•	•	•	•	•	•	•		•		•	•
Montana	•	•	•	•			•				•	•
Nebraska	•	•	•	•	•		•				•	•
Nevada	•	•	•	•		•	•				•	•
New Hampshire	•	•	•	•							•	•
New Jersey	•	•	•	•	•		•		•			•
New Mexico	•	•	•	•		•	•				•	•
New York	•	•	•	•	•	•	•		•	•	•	•
North Carolina	•	•	•	•	•						•	•

TABLE 4 (continued)

North Dakota	•	•	•	•	•						•	•
Ohio	•	•	•	•	•	•	•	•			•	•
Oklahoma	•	•	•	•		•	•		•		•	•
Oregon	•	•	•	•	•		•				•	•
Pennsylvania	•	•	•	•	•		•			•	•	•
Rhode Island	•	•	•	•	•	•	•				•	•
South Carolina	•	•	•	•	•	•	•				•	•
South Dakota	•	•	•	•			•				•	•
Tennessee	•	•	•	•	•	•	•		•		•	•
Texas	•	•	•		•		•				•	•
Utah	•	•	•	•								•
Vermont	•	•	•	•			•				•	•
Virginia	•	•	•	•		•	•				•	•
Washington	•	•	•	•	•	•					•	•
West Virginia	•	•	•	•	•	•	•	•	•		•	•
Wisconsin	•	•	•	•	•							•
Wyoming	•	•	•	•						•		
Puerto Rico	•	•	•	•	•		•	•				

TABLE 5
State Industrial Plant and Location Assistance Services

State	Industrial Site Selection Service	Industrial Parks State				Industrial Plants State			
		Plans	Develops	Operates	Leases	Builds	Operates	Leases	Sells
Alabama	•								
Alaska									
Arizona	•								
Arkansas									
California	•								
Colorado	•								
Connecticut	•	•	•						•
Delaware	•	•	•						
Florida	•								
Georgia	•								
Hawaii	•		•		•				
Idaho	•								
Illinois	•	•							
Indiana	•								
Iowa	•								
Kansas	•								
Kentucky	•		• ¹			• ¹		• ²	• ³
Louisiana	•								
Maine	•	•	•			•		•	•
Maryland	•								
Massachusetts	•								
Michigan	•	•	•						
Minnesota	•								
Mississippi	•	•	•						
Missouri	•								
Montana	•								
Nebraska	•								
Nevada	•								
New Hampshire	•	•	•	•	•	•			
New Jersey	•	•	•	•	•	•		•	
New Mexico	•								
New York	•								
North Carolina	•								
North Dakota	•						• ⁴		
Ohio	•	•							
Oklahoma	•								
Oregon	•								
Pennsylvania	•		•						
Rhode Island	•	•	•	•	•			•	
South Carolina	•								
South Dakota	•								
Tennessee	•								
Texas	•								
Utah	•								
Vermont	•								
Virginia	•								
Washington	•								
West Virginia	•	•	•						
Wisconsin	•								
Wyoming	•								

1. Finances
2. Foreclosures
3. Assists in marketing
4. State mill and elevator

CHAPTER 3

STATE SERVICES TO LOCAL COMMUNITIES

All states and Puerto Rico offer financial and technical assistance to their local units of government. In addition to the aid that the development agency provides, nearly every other state agency offers services or performs functions affecting local governments to varying degrees. Such aid is vital to the process and assists communities throughout the state to become attractive to industrial prospects. Twelve areas of state support for local economic development activities were identified (see Figure 1).

Figure 1
State Services to Communities (1983)
Number of States Responding: 47 and Puerto Rico

Type of Service	Offering Service	Service is Offered by:	
		Main Agency	Other
Land use	44	19	25
Zoning	41	15	26
Assessment & taxation	42	7	35
Transportation & communication	44	11	33
Power & fuel	44	10	34
Water & waste	46	10	36
Housing & health	45	12	33
Legal	38	8	30
Engineering	35	6	29
Special courses	42	31	11
Conferences	41	37	4
Special studies	40	35	5

Often, the state development agency plays a larger role in providing services to local communities than directly to business and industry. However, support from other state agencies and departments remains crucial. For example, assessment and taxation services are often performed by the department of revenue; water and waste are provided by the state health department and special courses are offered by the state's universities and junior colleges.

The larger role of the state development agency in the area of service to local communities reflects both the relationship between state and local units and the working partnership between the state economic development program and local development organizations. A strong local

development function is fundamental to any long-term development program; therefore, the relationship often goes beyond providing information or coordinating programs. Staff members of the state development agency often work directly with representatives of local community development organizations to assist in planning zoning regulations, access roads, sewage facilities, and changes in city codes. In many states, the state development agency employs one or more field representatives specifically to aid local communities in their development efforts. (See Table 6.)

TABLE 6
State Services To Local Communities

State	Planning & Technical Services									State		
	Land Use	Zoning	Assessment & Taxation	Transport & Communications	Power & Fuel	Water & Waste	Housing & Health	Legal	Engineering	Offers Special Courses	Sponsors Conferences	Makes Special Studies
Alabama	○	○			○	○	○	○		•	•	•
Alaska												
Arizona	•	•	○	○	○	○	○	○	○	•	•	•
Arkansas												
California	•○	•○	•○	○	○	○	○			•	•	•○
Colorado	○	○	○	○	○	•○	•○	○	•○	•○	•○	•
Connecticut	•			○	○	○	○	○	○	•	•	•
Delaware	○	○	○	○	○	○	○	○	○	○	○	○
Florida	○	○	○	•○		○	○			•	•	○
Georgia	○	○	○	○	○	○	○	○	○	•	•	•
Hawaii	•	•	○	○	•	○	○	○	○			
Idaho			○	○	○	○	○	○		•	•	•
Illinois	•	•	•	○	○	•	•	•	○	•	•	•
Indiana			○	○	○	○	○	○	○	•	•	•
Iowa	•○	○	•	•	•	•	•	•	•	•	•	•
Kansas												
Kentucky	○	○	•	•	•	•	•	•	•	•	•	•
Louisiana					•○	•○				•		
Maine	○	○	○	○	○	○	○	○		•	•	•○
Maryland	○	○	•	•	•	•	•	•	○	•	•	•
Massachusetts	•	•	•	•	•	•	•	•	•	•	•	•
Michigan	•	•	○	○	○	○	○			○	•	•
Minnesota										•	•	
Mississippi	○	○	○	○	○	○	○	•	○	•	•	•
Missouri	○	○	○	○	○	○	○	○	○	•	•	•
Montana	•	•	○	•	○	○	○	○	○	•	•	•
Nebraska	•	•		○	○	○	•			•	•	•
Nevada	○	○	○	○	○							
New Hampshire	•○	•○	○	○	○	○	○	○	○			•
New Jersey	○	○	○	○	○	○	○	○	○	○		
New Mexico	○	○	○	○	○	○	○	○	○	○	•○	•
New York	○	○	○	•○	•○	○	○		○	○	•	•
North Carolina	○	○	○	○	○	○	○	○	○	○	•	○
North Dakota	○	○	○	○	○	○	○	○	○	○	○	○
Ohio	•	•	○	○	○	•○	•○	○	○	•	•	•

TABLE 6 (continued)

Oklahoma	○	○	○	•○		○	○	○	•		•	•	•
Oregon	•	•			○	○	○				•	•	•
Pennsylvania	○	○	○	•○	•○	•○	○	○	○		•○	•○	•○
Rhode Island	○	○	○	•	•	•	○	•	○				
South Carolina	○	○	○	○	○	○	○	○	○		•	•	•
South Dakota	○	○	○	○	○	○	○	○	○		•	•	•
Tennessee	•		○	○	○	○	○		•		•	•	•
Texas	○	○	○	○	○	○	○	○	○		•	•	•
Utah	○	○	○	○	○	○	○	○	○		○	•	•
Vermont	•	•	○	○	○	○	•	○	○		•	•	•
Virginia	•	•	•	•		○	•	•				•	•
Washington	○	○	○	○	○	○	○	○	○		○	○	○
West Virginia	•		○	○	•	○	○	○			•	•	•
Wisconsin	•	•	○	○	○	○	•○	○	○		○	•	•
Wyoming	•	•	○	○	○	○	•	○	○				
Puerto Rico	○	○	○	○	○	○	○	○	○		○	○	○

- Provided by exclusive or primary agency.
- ‡ Provided by other agency.
- Provided jointly.

CHAPTER 4

INDUSTRIAL DEVELOPMENT: STATE FINANCIAL ASSISTANCE SERVICES

States offer a number of financial incentives to attract new industry or assist existing industries that wish to expand operations within the state. The primary and most commonly used incentives include statewide development credit corporations, industrial finance authorities, state and local tax incentives, and enterprise zone legislation.

Additional, more specific development tools include the creation of community reinvestment areas in which property tax abatement can be granted for any increased property valuation resulting from new construction or remodeling; an impacted cities program, which provides a mechanism for cooperation between municipalities and private redevelopers to assist blighted areas of the city; community improvement corporations designed for advancing, encouraging and promoting the industrial, economic, commercial and research development of a community or an area; and small business economic incentive programs, which attempt to establish good working relationships among federal, state and local government officials, as well as the private sector, for the purpose of generating successful business financing in the states.

These programs and others have been developed for two primary purposes: 1) when all other factors relating to industrial development are equal, they offer additional incentives to locate or expand within the state; and 2) when financing is particularly important to the prospect, they make sufficient capital available at attractive terms. (See Table 7.)

The Statewide Development Credit Corporation

Development credit corporations are privately organized, financed and managed corporations with public purposes. No public funds are used in

their operation, but their purpose is to develop the economy of their state by providing long-term financing, perhaps not otherwise available, to enable financially high-risk industries to locate or expand within the state. Although the development corporation typically raises some of its funds through sale of stock, most capital comes from loans from voluntary member financial institutions, such as commercial banks, trust companies, savings and loan associations, and insurance companies. The majority of the corporation's board of directors are drawn from member financial institutions.

Generally, these corporations are organized under a special state charter rather than under general incorporation laws for a number of reasons: a charter emphasizes the public service nature of the corporation; it expressly makes participation in the corporation's lending activities legal for member financial institutions; and it often makes purchase of the corporation's stock an approved "legal investment" for certain classes of fiduciaries. Thirteen states and Puerto Rico have a statewide development credit corporation, while five states are giving the matter serious consideration.

The State Industrial Finance Authority: Types of Programs

- **Direct Loan Authorities**—These are the most common and are usually involved in making low-interest loans to local development corporations. Seventeen states have these authorities.
- **Loan Guarantee Authorities**—In the operation of this type of public authority, money is used to insure loans made by commercial lending institutions. Fifteen states use this program method.

Ten states reported that they participate in federal/local matching fund programs. (See Tables 8, 9, 10.)

Assistance to Small and Minority-Owned Businesses

Small businesses are integral to the economic base of every city and state; yet, only in the last decade have special programs been designed to encourage their location or expansion in particular areas. Thirty-nine states and Puerto Rico offer special small business assistance, which can range from technical advice to financial assistance for debt and equity capital, management, federal procurement, permit licensing, product development, market identification, and business plan development. All these services are offered to small businesses in Michigan.

Illinois provides another example of state assistance in that it conducts workshops, main-

tains a toll-free hotline, and operates an Office of Business Enterprise to assist small businesses. In addition, the Illinois legislature has adopted a Regulatory Flexibility Law which exempts small businesses from some rules and regulations.

Twenty-six states and Puerto Rico offer a special program to minority-owned businesses over and above what is available to other businesses. Specific services include set-aside programs for state purchasing and construction and minority business procurement assistance, publication of minority business directories, direct loans and loan leveraging, market development and management training. (See Table 11.)

State Authorized Issuance of Local Development Bonds

Traditionally, the issuance of municipal or other local government bonds has been a means of financing public services such as roads, schools, sewage facilities and water supplies. When such bonds are used for industrial purposes, they are of two main types: the general obligation bond and the revenue bond. The former is a direct obligation of the governmental unit and is backed by its full faith and credit, while the latter is not guaranteed by the governmental unit. Payment on revenue bonds is received from the use of the facility that has been financed. For example, when the bonds are used for parks or roads, they are repaid from tolls or other user fees. When the bonds are used to finance an industrial plant, the rental payments of the industrial occupant are used to repay the debt.

The 31 states responding to the inquiry on bonding indicated a strong preference for revenue bonds. Pennsylvania reported the largest number of revenue bond issues (1,800) and the largest amount of debt obligation (\$2.4 million). (See Table 12.)

TABLE 7
State Financial Assistance Services For Industrial Development

<i>State</i>	<i>Statewide Development Credit Corporation</i>	<i>State Industrial Finance Authority</i>	<i>State Tax Incentives¹</i>	<i>Local Tax Incentives¹</i>	<i>State "Enterprise Zone" Legislation</i>
Alabama			•	•	
Alaska					
Arizona					
Arkansas					
California		•			P
Colorado	P				P
Connecticut	P	•	•	•	•
Delaware		•	•	•	P
Florida	•		•	•	•
Georgia			•	•	
Hawaii					
Idaho			•		
Illinois	•	•	P	•	P
Indiana		•	•	•	•
Iowa	•	•	•	•	
Kansas			•	•	•
Kentucky		•	•	•	•
Louisiana	P		•	•	•
Maine		•	•		
Maryland	•	•		•	•
Massachusetts	•	•	•	•	P
Michigan	•	•	•	•	P
Minnesota	P	•			•
Mississippi		•	•	•	P
Missouri		•	•	•	•
Montana	P	P	•	•	
Nebraska	•	•	•		
Nevada		•	•		
New Hampshire	•	•			P
New Jersey		•			P
New Mexico	•		•	•	•
New York	•	•	•	•	P
North Carolina					
North Dakota	•		•	•	P
Ohio		•	•	•	•
Oklahoma		•	•	•	
Oregon			•	•	
Pennsylvania	•	•	•	•	P
Rhode Island		•	•	•	P
South Carolina			•	•	
South Dakota ²		•		•	
Tennessee			•	•	P
Texas		•		•	
Utah		P			
Vermont	•	•	•	•	
Virginia			•	•	•
Washington					
West Virginia		•	•		
Wisconsin				•	
Wyoming					
Puerto Rico	•	•	•	•	•

1. Not including "free port" legislation.

2. No state corporation tax.

P = Pending

TABLE 8
State Industrial Finance Authorities: Types of Programs

State	Direct Loans	Loan Guarantees	Participation in Matching Funds	Other
California	LDC,PI	PI	•	
Connecticut	PI	PI	•	Product devel. grants from GO bonds, fed loans
Illinois	LDC,PI		•	
Indiana		PI		Can issue and guarantee indus. rev. bonds
Kentucky	LDC,PI	LDC,PI ¹	•	Participate in financing with private sector
Maine		LDC,PI	•	
Maryland		PI		
Massachusetts ²				
Michigan	LDC,PI	LDC,PI	•	
Minnesota ³	PI			
Mississippi	LDC,PI	LDC,PI	•	
Missouri	LDC	LDC	•	
Nebraska ⁴				
New Hampshire	PI	PI		
New Jersey	PI	PI	•	Urban industrial parks
New York	LDC,PI	LDC	•	
Ohio	LDC,PI	LDC,PI		
Oklahoma ⁵	LDC			
Pennsylvania	LDC			
Rhode Island		LDC,PI		Port Authority, Industrial Facilities Corp.
South Dakota ⁶				
Texas ⁷	LDC			
Vermont	LDC,PI	PI		
West Virginia	LDC			Board of Investment Funds, issue bonding capacity

LDC = Local Development Corporation
PI = Private Industry

1. Being phased out.
2. The Massachusetts Industrial Finance Authority administers the Industrial Revenue Bond Program and the Mortgage Guarantee Program but does not loan funds.
3. Minnesota does not have a formal Industrial Finance Authority. However, the Department operates 3 loan programs and 1 special Industrial Revenue Bond Program.
4. Nebraska's Development Finance Fund is newly formed and authorized to issue industrial revenue bonds for projects in blighted areas.
5. Oklahoma has authorized counties and cities to issue general obligation limited tax bonds and revenue bonds for loans, guarantees, and matching federal and local funds.
6. South Dakota's Economic Development Finance Authority was newly authorized by legislation in 1982.
7. Texas' loans are to non-profit industrial development agencies through the Rural Loan Fund.

TABLE 9
Industrial Finance Authority Operating Experience In FY 1982

State	Loans Made or Guaranteed		Defaults		Losses		Jobs Created
	Number	Amount	Number	Amount	Number	Amount	
California	29	\$ 5,600,000	1	\$ 27,675	1	\$ 27,675	1,120 est.
Connecticut							
Delaware ¹	41	120,610,539	3	5,440,000	1	665,000	2,532
Hawaii ²	4	72,252,000	0	0	0	0	
Illinois	5	314,500	0	0	0	0	65
Indiana ³							
Kentucky	17	5,966,060					1,696
Maine	5	1,937,317	1	727,637			44
Maryland	28	41,058,000					
Michigan ⁴							
Minnesota ⁵							
Mississippi	28	1,322,500					77
Missouri ⁶							
Nebraska ⁷							
New Hampshire							
New Jersey ⁸	34	6,691,000			5	659,784	1,546
New York ⁹	93	23,459,967	NA	NA	NA	NA	2,663
Ohio	25	10,912,200					3,337
Oklahoma ¹⁰	134	21,959,841					13,805
Pennsylvania	133	55,200,000	0	0	0	0	9,168
Rhode Island ¹¹							
South Dakota ¹²							
Texas	2	424,000					88
Vermont	35	6,106,231	2	1,100,000	2	1,100,000	2,280
West Virginia	29	7,847,767	NA	NA	1	226,322	1,138

1. Delaware's data is for industrial revenue bonds issued.

2. Hawaii's loans are all for privately owned public utilities.

3. In 1981, Indiana made 4 loans from \$56,250 to \$2 million; jobs created ranged from 15 to 250.

4. Michigan's Economic Development Authority to provide direct loans was created in 1982.

5. Minnesota does not have a formal Industrial Finance Authority. However, the Department operates 3 loan programs and 1 special Industrial Revenue Bond Program.

6. Missouri has no experience since laws were enacted in 1982.

7. Nebraska's Development Finance Fund is newly formed and authorized to issue industrial revenue bonds for projects in blighted areas.

8. New Jersey's figures are for calendar 1981.

9. New York's figures apply to the Job Development Authority Program since it is the primary source of funds.

10. Oklahoma's figures are from the 1981 Annual Report.

11. Rhode Island's data is not available.

12. South Dakota's Economic Development Finance Authority was newly authorized by legislation in 1982.

TABLE 10
State Industrial Finance Authorities: Funding Limitations

<i>State</i>	<i>Source of Funds</i>	<i>How Funds Are Held</i>	<i>Maximum Total Amount Permitted for Loans & Loan Guarantees</i>	<i>Maximum for Percent of Project Covered</i>	<i>Maximum Length of Amortization</i>
California	LA	In	\$350,000	80% direct; 90% guarantees	25 yrs. direct; 7 yrs. guarantees
Connecticut	LA, GO	Rev, In, Treas	\$850,000	90%	25 yrs.
Hawaii	RB		No limit	100%	40 yrs.
Illinois	LA	Rev, In	No legal limit	Usually under 30%, no legal limit	25 yrs.
Indiana	LA	Rev, In	\$2,000,000 per project	90% real estate; 75% equipment	25 yrs.
Kentucky	LA, GO	Rev, In	\$1,000,000	50%	Match first mortgage lender
Maine	RB			100%	
Maryland			\$5,000,000	100%	25 yrs.
Michigan	LA, RB	Rev, In	\$1,000,000 unless waived by $\frac{2}{3}$ vote	50%	Working capital not to exceed 5 yrs.; other up to life of assets
Minnesota	LA	Rev, Treas	\$250,000	25% Indian; 20% other	25 yrs.
Mississippi ¹	LA	Rev, In, Treas			
Missouri	LA, RB	Rev, In	\$5,000,000 total for direct; \$1,000,000 per project guarantees	Board determines direct; 90% guarantees	30 yrs. direct; Board determines guarantees
Nebraska ²	RB				
New Hampshire	RB		\$18,000,000	50%	25 yrs.
New Jersey	LA	Rev	\$1,000,000 guarantees; \$250,000 dir.	100% direct; 90% guarantees	10 yrs.
New York ³	GO, RB	Rev, In	\$300,000,000 guarantees	40%	20 yrs.
Ohio	LA		\$5,000,000 guarantees; 30% fixed assets for direct	90% guarantees; 30% fixed assets for direct	25 yrs.
Oklahoma	GO, RB	Rev, In, Treas	\$1,000,000	25% of land, bldg., heavy equipment	15 yrs.
Pennsylvania	LA, GO	Rev, In, Treas	\$1,000,000 per firm	79%	15 yrs.
Rhode Island	LA, GO		\$5,000,000	90%	25 yrs.
South Dakota ⁴					
Texas	LA	Treas	NA	40%	Commission determines
Vermont	LA	Rev, In	\$35,000,000 guarantees; \$8,500,000 direct to local devel. \$10,000,000 direct to private ind.	100% guarantees; 100% direct to local devel. corp. 40% direct to private ind.	25 yrs. 5 yrs. direct to local devel. corp. 20 yrs. direct to private industry
West Virginia	LA, RB	Rev, In	\$500,000 per project	50%	25 yrs. real estate; 10 yrs. equipment

LA — Legislative Appropriation
GO — General Obligation Bonds
RB — Revenue Bonds

Rev — Revolving Fund
In — Invested
Treas — Held in State Treasury

NA — Not applicable

- Mississippi indicates there is a limit on the maximum total amount permitted for loans and loan guarantees but does not specify amount.
- Nebraska's Development Finance Fund is newly formed and only authorized to issue industrial revenue bonds for industrial and commercial projects in blighted areas.
- New York's figures are for loan guarantees made to local development corporations by the Job Development Authority.
- South Dakota's Economic Development Finance Authority was newly authorized by legislation in 1982.

TABLE 11
Assistance for Small Business and Minority-Owned Business

<i>State</i>	<i>Small Business Assistance</i>	<i>Minority-Owned Business Assistance</i>
Alabama	The law mandates activities in manufacturing which are equally applicable to large and small companies.	Alabama Development Office — Office of Minority Business Enterprise.
Alaska		
Arizona	The Development Services Program of the State Development Agency offers terminal assistance to small businesses and serves as an advocate.	None
Arkansas		
California	The Office of Small Business Development offers both financial and information advocacy services.	The CA Office of Minority Business Enterprises assists firms to obtain state contracts for procurement services.
Colorado	Small Business Assistance Center at University of Colorado; Title IX revolving loan fund at Division of Commerce & Development; Main Street Revitalization assistance to small businessmen in downtown areas.	None
Connecticut	The Office of Small Business Affairs.	The Office of Small Business Affairs publishes a minority business directory and administers a set-aside program for minorities for state purchasing and construction.
Delaware	Delaware Development Corporation participates in SBA's Section 503 program for fixed asset loans to small businesses, and supports the Small Business Development Center at the University of Delaware which provides technical and managerial assistance.	The production of a minority business directory, which will be distributed to corporate and governmental purchasing agents, was funded.
Florida	Toll-free business assistance line, small business development centers, Governor's Office of Business Assistance.	Minority business procurement assistance and a minority business directory.
Georgia	None	None
Hawaii	Several programs include the Hawaii Capital Loan Program — loans to small businesses up to \$100,000 at 7½%; Small Fishing Vessel Loan Program — up to \$50,000 loans; Large Fishing Vessel Loan Program — no limit at 7½%; Products Promotion Program which assists associations of manufacturers to promote products in markets through grants and expertise, and the Foreign Trade Zone and promotion of international trade and commerce.	
Idaho	None	None
Illinois	Export assistance, workshops, toll-free hot line, Office of Business Enterprise. In addition, the Regulatory Flexibility Law exempts small businesses from some rules, and SBA 503 allows the state to represent small businesses for loans.	The Office of Business Enterprise assists with special emphasis on government contract procurement. Governor has set goal of 15% of state contracts to go to minority firms. The state is looking at forming the Minority Enterprise Small Business Investment Company to help secure low interest loans.
Indiana	None	Division of Minority Business Development has procurement program geared toward assisting minority-owned businesses in obtaining business in the private or public sector.
Iowa	Small Business Loan Program assists businesses with 20 or fewer employees and less than \$1 million in revenue. Call One has one-stop permit information program.	None
Kansas	Management and technical assistance is provided to small businesses.	Minority business assistance program provides management and technical assistance.
Kentucky	Small business section assists in preparing loan applications, furnishing information about government procurement programs, and serving as liaison between small business owners, managers, and governmental agencies.	Grant from Department of Commerce makes possible the operation of a state minority business development program.
Louisiana	Small business program provides information and referral services. In 1983, the LA Small Business Equity Corporation will offer financial assistance through loan leveraging.	Department offers a financial assistance program through the LA Minority Business Development Authority through direct loans and loan leveraging.
Maine	Small Business Loan Authority, Veterans Loan Authority.	None
Maryland	Small Business Development Finance Authority, umbrella Industrial Revenue Bonds for small issues.	Small Business Development Finance Authority, Office of Minority Affairs.
Massachusetts		

Michigan	Small Business Development Division provides assistance in financing for debt and equity capital, management, federal procurement, permit licensing, product development, and market identification and business plan development.	Division of Minority Business Enterprise provides management or technical development assistance, financing and loan packaging assistance, education and training programs, public contract and set-aside assistance, and outreach services.
Minnesota	Small business finance agency makes tax exempt financing available through pooling, direct placement, and other programs. Small Business Assistance Center matches assistance available to clients.	Procurement preference program.
Mississippi	Small Business Clearinghouse offers a loan guarantee program, SBA 503 program, direct loan program, and other business services including counseling and routing service.	Minority Suppliers Council identifies new markets for products through Federal funding, a highway minority contractors service was provided through September 30, 1982.
Missouri	Legislation was passed last year creating the MO Agriculture & Small Business Development Authority to assist small businesses with financing.	None
Montana	Technical and management assistance through contracted services.	None
Nebraska		
Nevada	Community Services Office.	
New Hampshire		
New Jersey	NJ Economic Development Authority Loan Program, Small Business Revitalization Program.	None
New Mexico	Technological Innovations Center, Bureau of Business and Economic Research, SBA, SCORE.	Technological Innovations Center, Bureau of Business & Economic Research, SBA, SCORE.
22 New York	Division of Ombudsmen & Small Business Services provides red tape cutting services in addition to program available to all businesses.	Division of Minority Business Development assists clients with problems that are unique to minority businesses.
North Carolina	Small business assistance effort provides technical assistance such as advice and marketing assistance but no direct financial assistance.	Additional assistance is offered with major emphasis on advice and technical assistance directed specifically at their problems.
North Dakota	Almost all businesses in North Dakota would be included in most definitions of small business.	ND Indian Affairs Commission programs are specifically geared to this ethnic group.
Ohio	Office of Small Business provides a small business economic incentive program, finances direct loan/loan guarantee program that reserves 50% of the financial assistance for small business concerns with less than 400 employees; also SBA 503 loans are administered.	Minority Business Development Division provides a wide range of services; also minority businesses can receive direct loans and obtain construction bonds as security for construction contracts through two new programs.
Oklahoma	State provides an industrial engineer devoted solely to small business problems and a Task Force is assigned to the program for development.	See small business assistance.
Oregon	Oregon County Development Revolving Fund.	None
Pennsylvania	Small Business Action Center to expedite problems, start-ups; targeting of PA Industrial Development Authority; PA Capital Loan Fund; statewide 503 certification pending; portion of economic development advertising campaign is geared to in-state small businesses.	PA Minority Business Development Authority provides loans and technical assistance; Office of Minority Enterprise helps in securing contracts with the public and private sectors; special procurement conferences and guides are part of programs.
Rhode Island	SBA 503 financing program, Insured Revenue Bonding Program.	Business & Industry Division of RI Department of Economic Development has unit specifically set up to assist.
South Carolina	Small Business Development Center consulting services.	Governor's Office of Minority Business contract procurement.
South Dakota	Agency efforts are geared to small businesses, since they are 90% of our industry.	Office of Minority Business Enterprise of Department of Commerce.
Tennessee	Office of Small Business.	Office of Minority Business Enterprises.
Texas	State provides assistance in three main areas; capital formation; market development; education and training	See small business assistance.

TABLE 11 CONTINUED

<i>State</i>	<i>Small Business Assistance</i>	<i>Minority-Owned Business Assistance</i>
Utah	None	None
Vermont	Small Business Development Center, Inc.	None
Virginia	None	Office of Minority Business Enterprises.
Washington	Office of Small Business acts as focal point for small and minority businesses in dealing with government, consultation, publication, seminars, and conferences. It also encourages state agencies to purchase from small minority businesses.	See small business assistance.
West Virginia	Small Business Development Office assists with start-up financing and information services and serves as an advocate for small businesses.	Minority Business Development Office is responsible for existing and potential minority firms.
Wisconsin	Small business ombudsman in Department of Development.	Bureau of Minority Business Development in Department of Development.
Wyoming	None	None
Puerto Rico	Federal government's Small Business Administration.	Three organizations, sponsored by the U.S. Department of Commerce, under the minority business development agency.

TABLE 12
State Authorized Issuance of Local Industrial Development Bonds in FY 1982
(dollars in thousands)

State	Revenue Bonds		State	Revenue Bonds	
	Number of Issues	Amount		Number of Issues	Amount
Alabama ¹	88	\$ 225,506	Nebraska	56	57,058
Alaska			Nevada	11	24,800
Arizona ²	60	679,824	New Hampshire		
Arkansas			New Jersey ⁹		231,000
California	36	87,850	New Mexico	19	142,760
Colorado			New York ⁴	295	582,400
Connecticut			North Carolina	129	400,000
Delaware ³			North Dakota ⁶	46	245,288
Florida ³			Ohio	447	716,466
Georgia	NA	NA	Oklahoma		
Hawaii			Oregon	17	73,690
Idaho	NA	NA	Pennsylvania	1,800	2,400,000
Illinois ⁴			Rhode Island ¹¹		
Indiana ⁵	303	566,500	South Carolina	113	229,201
Iowa ⁴	147	154,000	South Dakota	27	43,300
Kansas	132	342,566	Tennessee ⁴	230	331,970
Kentucky	69	226,313	Texas	363	1,400,000
Louisiana	127	581,278	Utah	NA	NA
Maine	34	86,643	Vermont		
Maryland ⁷		431,800	Virginia ⁸	383	775,100
Massachusetts	375	552,913	Washington	17	91,975
Michigan	84	164,900	West Virginia ¹²		
Minnesota ⁷	413	949,590	Wisconsin	112	167,415
Mississippi			Wyoming		
Missouri ⁸	3		Puerto Rico ¹³		8,600
Montana					

1. Alabama also has authorized 21 issues in the amount of \$53,332,000 for medical clinic funding.

2. Arizona's information may not be complete since some Industrial Development Authorities did not submit reports.

3. Bonds authorized and issued at the local level.

4. Illinois has no law requiring statewide reporting.

5. Indiana's figures for FY 1981 industrial revenue bonds only.

6. Figures are for calendar 1981.

7. Figures are for FY 1981.

8. Missouri had also had one issue of general obligation bonds in the amount of \$300,000. Complete data for local Industrial Development Corporation industrial revenue bonds is not available.

9. New Jersey's total accumulated debt for CY 1981 for County Improvement Authorities issuing industrial development bonds.

10. New Mexico's figures are for FY 1980; five issues of pollution control bonds in the amount of \$186,300,000 were also issued.

11. Rhode Island has authorized local issuance but figures are not available.

12. Data is not available for West Virginia.

13. The Government Development Bank is responsible for industrial financing.

NA — Not applicable.

CHAPTER 5

INDUSTRIAL DEVELOPMENT: ADVERTISING, MEDIA PROMOTION AND PUBLICATIONS

Comparison between state expenditures for non-tourist advertising and promotion in fiscal 1982 shows a striking contrast. Six states spent nothing, while 11 spent over \$500,000. The largest expenditures for advertising and promotion were by New York (\$6.95 million), Maryland (\$1.2 million), and Kentucky (\$1 million). Other significant expenditures were by Florida, Louisiana, Massachusetts and Pennsylvania.

In fiscal 1983 budgets, the recession was reflected in nearly every state, and there was much debate in the legislatures and executive offices as to whether promotional budgets should be increased to attract more business and industry to the state, or reduced as part of an overall budget reduction plan. Eight states chose the latter by reducing expenditures (Arizona, Florida, Georgia, Hawaii, Kentucky, Mississippi, Montana, and Wisconsin). Most states, however, decided that a greater commitment should be made to promote their state as a good place to do business. As a result, five states will spend above a million dollars on that activity: New York (\$9.38 million requested), Michigan (\$1.5 million), Maryland (\$1.3 million), Massachusetts (\$1.05 million), and New Mexico (\$1.038 million).

Of the states whose budgets have received final approval, the largest percentage increases will take place in Illinois, Michigan, Oregon, Tennessee, Utah, Vermont, Washington and West Virginia. It is interesting to note that many of these states have suffered the most severe budgetary and economic difficulties during the past few years.

Caution should be used in making direct comparisons between state budgetary figures. States which spend very different dollar amounts for advertising and promotion may nevertheless be spending comparable percentages of their total budgets for that purpose, and in a few cases a special promotional effort may have swelled the promotion budget out of proportion to past expenditures.

Of the 45 states responding to this question, 24 indicated that the amount allocated for promotion and advertising is determined exclusively by the legislature, while 19 said expenditures are determined by administrative decision. In Nevada and Virginia, the decision is made by both legislative and administrative action. (See Table 13.)

Advertising Media

Forty-four states indicated that they advertise through one or more of the following media: newspapers, magazines, radio, television, billboards and direct periodicals. California, Minnesota and New Hampshire do not advertise but produce their own publication. Colorado does not budget for advertising and promotion. (See Table 14.)

Field Representatives

Field representatives cover two basic areas: in-state, to provide services to local industry, communities and development groups; and out-of-state, to make contact with industrial prospects, provide them with information on locations in the state, and render location assistance to prospects once they move into the state. Overall, field representatives provide information, technical and coordinating services.

Twenty-four states employ in-state field representatives. Kansas has such a proposal under consideration, and Alabama uses regular line staff to meet these responsibilities. Eight states use field representatives for work outside the state, and 19 use field representatives outside the United States.

Seven states reported having information centers located outside their own jurisdiction. The two most popular locations are New York City and Washington, D.C. Centers there primarily provide industrial development and trade facility information to interested persons.

Foreign Offices to Promote Industrial Development and Trade

Twenty-three states reported having at least one foreign office engaged in promoting state products, providing information, and assisting foreign corporations who may be interested in locating a plant within their state. Most states have their offices in Japan, Belgium and West Germany; however, other locations include England, China, Canada, Mexico, Brazil, Switzerland, France and The Netherlands. Most foreign offices focus on a region rather than merely concentrating their efforts on the country in which they are located. The exceptions are Michigan, whose office in Tokyo works only with Japanese repre-

sentatives, and New York, which maintains a similar posture in its foreign offices in Japan and Canada. Virginia employs the largest staff in its foreign offices (six in Japan and eight in Belgium). The average number of staff per foreign office is three; however, larger staffs are commonly placed in European offices.

Within the past five years, 10 states have expanded their foreign operations (Alabama, Florida, Georgia, Illinois, Maryland, Missouri, Nebraska, New York, North Carolina, Pennsylvania and Virginia), while two states have reduced their visibility in other parts of the world (Louisiana and Washington). Ohio recently shifted its West Germany office to Belgium. Three states (Maryland, Missouri and Ohio) plan to expand their foreign operations in 1983, and Illinois opened an office in Japan in January. (See Tables 15 and 16.)

TABLE 13
Industrial Development Advertising and Promotion Budget
 (Does not include tourism and vacation travel)

State	FY 1982 Budget	FY 1983 Budget	Appropriated By:	
			Legislative Act	Administrative Decision
Alabama				•
Alaska				
Arizona ¹	\$ 35,000	\$ 27,000	•	
Arkansas				
California	0	0		
Colorado	0	0		
Connecticut		75,000		•
Delaware	33,900	48,800	•	
Florida ¹	872,720	775,650	•	
Georgia ¹	399,170	362,435		•
Hawaii*	130,000	100,000	•	
Idaho	0	190,050		•
Illinois	258,000	572,900	•	
Indiana	76,000	112,000		•
Iowa	56,000	67,000		•
Kansas	50,000	75,000	•	
Kentucky ¹	1,000,000	900,000	•	
Louisiana ²	800,000	657,452	•	
Maine	130,000	130,000		•
Maryland ³	1,200,000	1,300,000		•
Massachusetts	744,100	1,050,847		•
Michigan	600,000	1,500,000	•	
Minnesota	0			
Mississippi ¹	315,000	305,000		•
Missouri	288,000	569,000	•	
Montana ¹	23,000	0		•
Nebraska	150,000	150,000		•
Nevada	54,000	60,000	•	•
New Hampshire ⁴	0	0		•
New Jersey ⁵	214,000	358,000		•
New Mexico ⁶	123,000	1,038,000	•	
New York ⁶	6,950,000	9,387,700	•	
North Carolina	255,000	255,000	•	
North Dakota ⁷	25,000	...	•	•
Ohio ⁸	240,000	240,000		•
Oklahoma	540,000	630,000	•	
Oregon	0	250,000	•	
Pennsylvania	750,000	787,000	•	
Rhode Island	200,000	200,000		•
South Carolina	670,000	670,000	•	
South Dakota	130,000	130,000	•	
Tennessee	250,000	450,000	•	
Texas	86,037	86,037	•	
Utah	150,000	300,000		•
Vermont	40,000	150,000	•	
Virginia	547,700	628,900	•	•
Washington	33,000	299,000		•
West Virginia	390,000	563,000		•
Wisconsin ¹	92,500	80,000	•	
Wyoming	15,000	15,000		•
Puerto Rico ⁹				

1. Budget decreased from FY 1982 to FY 1983.
2. Louisiana's FY 1982 figure is for FY 1981-82; the FY 1983 figure is for FY 1982-83.
3. Maryland's budget is subject to legislative approval.
4. New Hampshire's funds are for printing, binding, and advertising; no specific amounts are given for development.
5. New Jersey's budget figures are estimated.
6. Figures for FY 1983 are requested amounts.
7. North Dakota's budget will be determined by the legislature. Administrative decision assigns money by line item.
8. Ohio's budget is determined by administrative decision, subject to state controlling board approval.
9. In Puerto Rico, the Industrial Economic Development Administration is responsible for industrial development advertising and promotion.

TABLE 14
Industrial Development Advertising and Promotion Media and Publications

State	Media in Which The State Advertises							State Issues Its Own Publication			
	Newspaper	Magazine	Radio	TV	Outdoor	Direct Mail	Other	Monthly	Quarterly	Yearly	Other
Alabama	•	•				•		•	•	•	Every 2 yrs.
Alaska											
Arizona		•							•		
Arkansas											
California ¹											Bimonthly
Colorado ¹											
Connecticut	•	•	•			•					
Delaware	•	•				•					
Florida	•	•	•	•		•	(pamphlets, flyers, cards)	•			
Georgia	•	•	•								
Hawaii	•	•				•					
Idaho		•				•					
Illinois	•	•	•			•	(movies, videotapes, slides)	•			
Indiana	•	•				•					
Iowa		•				•		•			
Kansas		•				•					Bimonthly
Kentucky	•	•				•					
Louisiana	•	•				•					•
Maine	•	•				•			•		
Maryland	•	•				•	(airport billboards)		•		
Massachusetts	•	•	•	•				•			
Michigan	•	•	•	•	•	•			•		
Minnesota ¹											
Mississippi		•	•	•		•	(specialty advertising)		•		
Missouri	•	•				•		•			
Montana							(Business Location Guide)				
Nebraska	•	•				•					
Nevada		•									
New Hampshire ¹											
New Jersey	•	•					(trade publications)				
New Mexico		•				•					
New York	•	•	•	•	•	•	(buttons, posters)				
North Carolina		•							•		
North Dakota		•				•			•		
Ohio	•	•				•		•			
Oklahoma	•	•			•	•	(slides)				Bimonthly

TABLE 14 (continued)

Oregon	•	•	•	•	•	•	•	•	Bimonthly
Pennsylvania	•	•			•			•	•
Rhode Island	•	•			•				•
South Carolina		•			•	(brochures)			
South Dakota	•	•			•				
Tennessee	•	•			•			•	
Texas	•	•			•			•	
Utah		•			•			•	
Vermont	•	•			•				
Virginia	•	•						•	
Washington		•			•			•	
West Virginia		•			•				
Wisconsin	•	•			•			•	
Wyoming		•							Bimonthly
Puerto Rico									

1. No budget for advertising and promotion.

TABLE 15
Industrial Promotion: Field Representatives and Out-of-State Information Offices
(Does not include tourism and vacation travel)

State	Distribution of Field Representatives				Out-of-State Information Centers in United States
	Within State	Outside State Within U.S.	Outside U.S.	No Geographic Boundaries	
Alabama ¹			3		No
Alaska					
Arizona					No
Arkansas					
California	0	0	0	0	No
Colorado	0	0	0	0	No
Connecticut	0	0	2	12	No
Delaware	8	0	0	8	No
Florida	11	2	6	0	No
Georgia	6	11	7	0	
Hawaii					
Idaho	1	0	0	0	
Illinois	16	1	10	0	Washington, DC
Indiana	7	3		8	Washington, DC
Iowa	4	0	2	7	No
Kansas	0	0	0	0	No
Kentucky	2	1	0	5	New York, NY
Louisiana	3		1	6	
Maine	0	0	0	3	No
Maryland	6	0	3	10	No
Massachusetts	10	0	0	4	Washington, DC and New York, NY
Michigan	15	0	5	21	No
Minnesota	3	0	0	0	No
Mississippi	7	6	2	6	Washington, DC
Missouri	10	0	3	7	No
Montana				3	No
Nebraska	7	0		5	
Nevada	0	0	0	0	No
New Hampshire				6	
New Jersey					
New Mexico ²	0	0	0		No
New York	70	0	5	20	No
North Carolina	5	0	2	15	No
North Dakota	0	0	0	11	No
Ohio	6	0	7	0	Washington, DC
Oklahoma	0	0	0	4	No
Oregon	4	0	0	4	No
Pennsylvania ³	0	0	4	13	U.S. government trade centers
Rhode Island				6	No
South Carolina	15	15	1	15	No
South Dakota				7	No
Tennessee ⁴	14	0	0		
Texas	0	0	1	4	No
Utah					
Vermont				4	
Virginia	5	0	3	8	No
Washington	0	0	1	11	No
West Virginia	11	11	0	11	No
Wisconsin				7	No
Wyoming	0	0	0	0	No

1. Alabama has a regular staff of industrial developers who work both within the state and in other states.

2. New Mexico's industrial representatives travel in and out of state extensively.

3. Pennsylvania uses 13 agency employees with no geographic boundaries.

4. Using Tennessee as home base, 10 staff members recruit in the United States and 4 recruit internationally.

TABLE 16
Foreign Offices to Promote Industrial Development and Trade

State	Regional Focus	Number of Employees										Office Changes in Last Five Years	Planned Changes in 1983	
		Japan	Belgium	West Germany	England	China	Canada	Mexico	Brazil	Switzerland	Netherlands			France
Alabama	Yes except Japan	4		1	2					2			Expand	None
Connecticut	Yes			2									None	None
Florida	Yes	*		2									Expand	None
Georgia	Yes	3	3				1						Expand	None
Illinois	Yes	1	7			2			5				Expand	Japan open 1/83
Indiana	Yes	1	2										None	None
Iowa	Yes			2									None	None
Kansas	...			*	*									
Louisiana	Yes			1									Reduction from 2 to 1	None
Maryland	Yes	2	3										Expand	Expand
Massachusetts	...	*	*											
Michigan	Yes except Japan	2	5.5										None	None
Missouri	Yes	2		3		1					1		Expand	Expand
Nebraska	Yes	*	*										Expand	None
New York	Yes except Japan /Canada	2		2	2		4						Expand	None
North Carolina	Yes	2		2									Expand, Japan opened	None
Ohio	Yes	3	4										W. Ger. replaced by Belg.	Expand
Pennsylvania	Yes	*		*	*		*					*	Expand	None
South Carolina	Yes		2										None	None
Texas	No							2					None	None
Vermont	No						2.5						None	None
Virginia	Yes	6	8										Expand	None
Washington		3 contract staff										Reduction	None	

* Consultant on contract.

CHAPTER 6

TOURISM AND TRAVEL

Tourism is a multi-million-dollar industry. While individual tourists spend money for pleasure, their dollars employ workers, purchase goods and services, and contribute greatly to the economy of every state. Many officials concerned with economic development realize that money brought into the state by tourists is as significant as that from development of a new manufacturing industry.

Tourist Promotion Agencies

There are four predominant types of agency organization for tourist promotion: 1) the primary economic development agency handles all development programs, including tourist promotion; 2) a special tourist promotion section is established within the main economic development agency; 3) a special travel department is established within another type of agency such as the highway department or the department of natural resources; and 4) a separate and independent agency performs the tourist promotion function. The first two types of organization are fairly common to the states; however, in a growing number of jurisdictions, tourist promotion is the only economic development function of the performing agency.

Tourist Promotion Budgets

Although many states reported significant budgets for agencies with tourist promotion functions, those figures do not reflect the states' total expenditure in every case. In many states, specialized agencies also contribute to promotional work. It is difficult to isolate the portion of another agency's budget which is devoted to tourist-related activities, but there is no doubt that such expenditures are very important to the total picture.

More than half the states (26) reported that their tourist promotion budget exceeded one million dollars in fiscal 1982. Of these, Florida, Michigan, New York and Oklahoma spent well over five million dollars each. The smallest figure reported was \$200,000 in Louisiana. (See Table 17.)

Services and Assistance

Virtually all of the reporting states provide

some form of tourist-related informational services. Most common are those which are semi-promotional and intended for use by tourists. Forty-three states offer a directory of tourist facilities, while 44 provide a general information service. Thirty-eight responding states operate special tourist information centers, usually on the state's border or at major points within the state (typically the state capital). Twelve states operate 10 or more such centers: Connecticut (13), Georgia (12), Hawaii (13), Indiana (25), Louisiana (10), Michigan (10), Nebraska (26), Ohio (14), Oklahoma (11), South Carolina (10), South Dakota (11) and Virginia (10).

Another form of information service is the special study. These are usually prepared by the major tourist promotion agency or related agencies and are intended for those interested in the tourist industry rather than for tourists. Thirty-five states reported that special studies are conducted on a wide variety of topics ranging from economic trends to studies on traffic flow and tourist preferences. Other reports have focused on historic sites within the states, and analyses of travel and recreation facilities and operations. (See Table 18.)

Services to Local Agencies

Local communities, individuals and private organizations are at the heart of the tourist industry. Lodgings, shops and service industries which cater to tourists are important to both the state and local economy. Thus, it is not surprising that local chambers of commerce, development groups, and local government agencies have long been involved in developing and publicizing tourist attractions.

The states have recognized the importance of publicity efforts and have devised programs designed to offer assistance, which can take a number of forms. Most offer technical and advisory services to local communities and private organizations. Such services include evaluation of the community's potential for tourism, and studies which evaluate the best way to capitalize on natural advantages. State tourist promotion agencies also aid local groups in preparing promotional literature or arranging for the improvement of transportation facilities. The state agency is also involved in advising communities on methods of financing, record keeping, and the best placement of directional signs.

Forty-one responding states indicated that such counsel and advice is offered to both local communities and private organizations. In 27 states, financial assistance is offered to local communities, while 32 states offer similar assistance to private organizations. Missouri currently

has both options under consideration.

Tourist Advertising and Promotion

The most commonly-named tools are magazine advertisements (43), followed closely by direct mail promotions (34) and newspapers (29). Television advertisements are used in six states: Florida, Massachusetts, Michigan, Mississippi, New York and Oregon. Other types of promotional items mentioned are movies, videotapes, slides, advertisement in trade publications, buttons and posters. Twenty-eight states issue promotional publications that vary widely as to content, frequency of publication and audience.

States also engage in a wide variety of special promotional efforts. Most common are films about the state and state sponsorship of or participation in trade shows. Many states sponsor lectures, conferences, slide shows and workshops—some for out-of-state use and some for the benefit of local communities or local business leaders. Other promotional devices include industrial exhibits, inventors' congresses, and weekly news releases. Most of the reporting states engage in some of these efforts, and many use a number of them. (See Table 19.)

Special Taxes

In most states, tourist promotion activities are supported through regular appropriations to state tourist promotion agencies. In some states, however, special taxes are levied to defray costs. In that event, certain revenues are identified as sources of financing tourist promotion, or state-enabling legislation allows local governments to levy taxes for promotional efforts. The local option is the most common form of special tax levied, as only a handful of states levy a statewide tax. (See Table 20.)

TABLE 17
Agencies With Major Tourist Promotion Functions: Budget and Title

State	FY 1982 Budget	Appropriated By:		Agency Title
		Legislative Act	Administrative Decision	
Alabama	\$ 2,500,000		•	Bureau of Publicity and Information ¹
Alaska				
Arizona		•		
Arkansas				
California	590,000 ²	NA	NA	Dept. of Economic & Business Development, Office of Tourism
Colorado	565,000	•		Div. of Commerce & Development, Office of Tourism
Connecticut	445,000		•	Dept. of Economic Development
Delaware	471,800	•	•	Development Office
Florida	9,268,160	•		Dept. of Commerce, Division of Tourism
Georgia	3,100,000		•	Dept. of Industry and Trade, Tourist Division
Hawaii	3,516,000	•		Dept. of Planning & Economic Development, Office of Tourism
Idaho	1,200,000	•		Div. of Economic and Community Affairs
Illinois	3,741,100	•		Dept. of Commerce & Community Affairs, Division of Tourism
Indiana	392,000	•		Dept. of Commerce, Tourism Development Division
Iowa	377,995		•	Development Commission, Travel Division
Kansas		•		Dept. of Economic Development
Kentucky	1,125,000	•		Office of Tourism Development
Louisiana	200,000	•		Office of Tourism
Maine	700,000 ³		•	State Development Office ⁴
Maryland	1,700,000	•		Office of Tourism
Massachusetts	750,000	•		Division of Tourism
Michigan	8,360,000	•		Travel Bureau
Minnesota	1,200,000	•		Dept. of Energy, Planning & Development, Tourism Division
Mississippi	990,909		•	Dept. of Economic Development
Missouri	1,659,292	•		Division of Tourism
Montana	727,000	•		Dept. of Commerce
Nebraska	921,960	•		Dept. of Econ. Devel., Community Affairs, Ind. Devel., Travel & Tourism
Nevada		•	•	Dept. of Economic Development
New Hampshire	800,000	•		Office of Vacation Travel
New Jersey	1,600,000		•	Division of Travel and Tourism
New Mexico	1,300,000	•		Commerce & Industry Department, Travel & Tourism Division
New York	9,885,000	•		Dept. of Commerce, Division of Tourism
North Carolina	3,200,000	•		Dept. of Commerce, Division of Travel & Tourism
North Dakota		•	•	Economic Development Commission, Tourism Division
Ohio	1,100,000		•	Dept. of Development, Office of Travel & Tourism

TABLE 17 (continued)

Oklahoma	42,300,000 ⁵			Dept. of Tourism & Recreation
Oregon	1,470,000 ⁶	•		Dept. of Transportation, Travel Information Section
Pennsylvania	5,300,000	•		Dept. of Commerce, Bureau of Travel Development
Rhode Island	615,000		•	Dept. of Economic Development, Tourist Division
South Carolina	7,322,695	•		Parks, Recreation and Tourism
South Dakota	1,373,783	•		Dept. of Tourism and Commerce, Division of Tourism
Tennessee				Dept. of Tourist Development
Texas				Tourist Development Agency
Utah	1,876,994	•	•	Utah Travel Council
Vermont	381,297	•		Agency of Development & Community Affairs
Virginia	3,800,000		•	Dept. of Conservation and Economic Devel., State Travel Service Div.
Washington	2,800,000		•	State Dept. of Commerce and Economic Development
West Virginia	1,026,371		•	Governor's Office of Econ. & Community Devel., Travel Devel. Program
Wisconsin	1,586,300	•		Dept. of Development, Division of Tourism
Wyoming		•		Wyoming Travel Commission
Puerto Rico				Puerto Rico Tourist Administration

1. Alabama's Bureau of Publicity and Information is exclusively devoted to tourist promotion. However, the State Dept. of Conservation & Natural Resources and the State Highway Department also promote tourism.
2. California's funding is exclusively for staffing and some brochure development with no paid advertising.
3. Maine's FY 1982 budget is 50% private funds and 50% matching funds.
4. Maine's State Development Office has other functions but the Maine Publicity Bureau is devoted exclusively to tourist promotion.
5. Oklahoma's budget includes federal funds and revenues from sales; part of it is used to manage state parks, lodges, and resorts.
6. Oregon's budget is for the FY 1981-83 biennium.

TABLE 18
Tourist Promotion: State-Provided Service and Assistance

State	Tourist Facility Directory Available	General Information Service Available	Number of Special Information Centers Available	Special Studies Available	State Offers Counsel & Advice to:		State Offers Financial Assistance to:	
					Local Communities	Private Organizations	Local Communities	Private Organizations
Alabama	•	•	7	•	•	•	•	•
Alaska								
Arizona			0	•	•	•	•	
Arkansas								
California	NA	•	P	•	•	•		
Colorado	•	•	NA	•	•	•		
Connecticut	•	•	13	NA	•	•	•	•
Delaware ¹		•	3	•	•	•	•	•
Florida	•	•	6	•	•	•		
Georgia	•	•	12		•	•	•	•
Hawaii	•	•	13	•	•	•		•
Idaho	•		NA		•	•	•	•
Illinois	•	•	6	•	•	•	•	• ²
Indiana	•	•	25	•	•	•		•
Iowa	•	•	7	•	•	•	•	•
Kansas	•	•	1	•	•	•		
Kentucky	•	•	5	•	•	•	•	•
Louisiana	•	•	10	•	•	•	•	•
Maine	•	•	8	•				•
Maryland	•	•	4	•	•	•	•	
Massachusetts	•	•	2		•	•	•	•
Michigan	•	•	10	•	•	•	•	•
Minnesota	NA	•	7	•	•	•		•
Mississippi		•	8		•	•	•	•
Missouri	•	•	6	•	•	•		
Montana	•	•	0	•	•	•		•
Nebraska	•	•	26	•	•	•	•	•
Nevada	•	•	0		•	•	•	•
New Hampshire	•	•	8		•	•	•	•
New Jersey	•	•	4	NA				
New Mexico	•	•	5		•	•	•	•
New York	•	•	NA	•	•	•	•	•
North Carolina	•	•	6	•	•	•	•	•
North Dakota	•	•	7	•	•	•	•	•
Ohio	•	•	14	•	•	•		•

TABLE 18 (continued)

Oklahoma	•	•	11	•	•	•	•
Oregon ¹	•	•	6	•	•	•	•
Pennsylvania	•	•	9	•	•	•	•
Rhode Island	•	•	7	NA	•	•	•
South Carolina	•	•	10	•	•	•	•
South Dakota	•	•	11	None	•	•	•
Tennessee							
Texas							
Utah	•	•	5	•	•	•	•
Vermont	•	•	3	•	•	•	•
Virginia	•	•	10	•	•	•	•
Washington	•	•	6	•	•	•	•
West Virginia	•	•	7	•	•	•	•
Wisconsin	•	•	9	•	•	•	•
Wyoming	•	•		•	•	•	•

1. No comprehensive directory is produced but several brochures are available.

2. Illinois provides assistance to non-profit organizations.

NA — Not applicable.

P — Pending.

TABLE 19
Tourist Promotion: Advertising and Promotion

State	Tourist Promotion Advertising is Done Through:						Subject of Advertising is:		Tourist Promotion Agency Issues Its Own Publication
	Newspaper	Magazine	Radio	TV	Outdoor	Direct Mail	State Generally	Services of Agencies	
Alabama	•	•	•	•	•	•	•		•
Alaska									
Arizona	•	•	•	•	•		•		•
Arkansas									
California	NA	NA	NA	NA	NA	NA	NA	NA	•
Colorado	•	•	•				•		•
Connecticut	•	•	•	•		•	•		•
Delaware	•	•			•	•		•	•
Florida ¹	•	•	•	•					•
Georgia	•	•	•	•	•		•	•	•
Hawaii	•	•	•	•			•		•
Idaho	•	•	•	•		•	•	•	•
Illinois	•	•	•			•	•	•	•
Indiana	•	•	•	•	•	•	•	•	•
Iowa	•	•	•	•		•	•		•
Kansas	•	•	•	•			•	•	•
Kentucky	•	•	•	•	•	•	•	•	•
Louisiana	•	•	•		•	•	•		•
Maine	•			•			•		•
Maryland	•	•				•	•		•
Massachusetts	•	•	•	•			•		•
Michigan	•	•	•	•			•	•	•
Minnesota	•	•	•	•		•	•	•	•
Mississippi		•	•	•	•	•	•	•	•
Missouri	•	•	•	•		•	•		•
Montana	•	•	•	•	•	•	•	•	•
Nebraska	•	•	•		•	•	•	•	•
Nevada		•					•		
New Hampshire	•	•	•	•	•	•	•		•
New Jersey	•	•	•	•	•		•		•
New Mexico	•	•	•		•	•	•	•	•
New York	•	•	•			•	•	•	•
North Carolina	•	•					•	•	•
North Dakota	•	•	•		•	•	•	•	•
Ohio	•	•	•	•	•	•	•	•	•

TABLE 19 (continued)

Oklahoma	.	.	.	.	.	.	.	.	.
Oregon	.	.	.	.	.	.	.	.	.
Pennsylvania	.	.	.	.	.	.	.	.	.
Rhode Island	.	.	.	.	.	.	.	.	.
South Carolina	.	.	.	.	.	.	.	.	.
South Dakota	.	.	.	.	.	.	.	.	.
Tennessee	.	.	.	.	.	.	.	.	.
Texas	.	.	.	.	.	.	.	.	.
Utah	.	.	.	.	.	.	.	.	.
Vermont	.	.	.	.	.	.	.	.	.
Virginia	.	.	.	.	.	.	.	.	.
Washington	.	.	.	.	.	.	.	.	.
West Virginia	.	.	.	.	.	.	.	.	.
Wisconsin	.	.	.	.	.	.	.	.	.
Wyoming	.	.	.	.	.	.	.	.	.

1. Florida's subject of advertising is tourism markets outside the state.
 NA -- Not applicable.

TABLE 20
Special Taxes Levied To Support Tourist Promotion

<i>State</i>	<i>Specified Tax Levied or Fees Charged</i>
Alabama	4% lodging tax of which 1% goes to the Alabama's Bureau of Publicity & Information.
Alaska	
Arkansas	
California	Not statewide, but local jurisdictions may charge transient occupancy tax in varying amounts.
Colorado	0.1% tax pending on hotel, motel, meals, transportation, entertainment, etc. for exclusive use of new tourism agency.
Connecticut	1½% of gross room sales tax is earmarked for tourism districts with populations of 80,000 or more.
Florida	Local option tax in selected counties.
Idaho	2% room tax on all hotels, motels, and campgrounds.
Illinois	10% of state hotel/motel tax.
Indiana	1% to 5% innkeepers tax on rooms is imposed by counties.
Iowa	Local option hotel/motel tax, a portion of which must go to support local travel. None is returned to the state.
Louisiana	
Maryland	5% hotel/motel tax on Anne Arundel County, Baltimore City, Montgomery County, and Prince George's County; 6% hotel/motel tax in Baltimore County; and 3% room tax in Worcester County.
Massachusetts	
Michigan	1% to 4% room tax is levied by 14 counties. Funds raised are for local tourist and convention promotion.
Mississippi	Three areas have tax surcharges on rooms and restaurants for tourism purposes. Natchez charges 1% on room, food, or beverage in business doing excess of \$100,000 gross annual sales. Harrison County charges 2% on rooms, food, and beverages for coliseum bond retirement, tourism commission, and promotion.
Missouri	Local fees going directly to local organizations are charged.
Nebraska	1% lodging tax is mandatory statewide, with up to 2% additional option available to counties which 19 counties have resolved to collect.
Nevada	6% hotel/motel tax goes to local convention authorities.
New Mexico	Up to 3% lodgers tax is a local option.
North Dakota	2% city lodging tax.
Ohio	Up to 3% transient guest tax at motels and hotels is local option for local use.
Oklahoma	Oklahoma City and Tulsa levy room taxes.
Oregon	4% to 7% local option lodging taxes are levied.
Pennsylvania	3% hotel room tax levied in certain counties through state legislation.
Rhode Island	Only in the cities of Providence and Newport by ordinance.
South Carolina	Admissions tax — part of the proceeds are earmarked to be used on the local level.
Tennessee	
Texas	
Utah	Transient room tax earmarked for tourist promotion.
Virginia	Local bed/board taxes by various localities.
Washington	2% hotel tax is local option.
Wisconsin	Local communities can levy a room tax which may be used for tourism promotion.
Wyoming	

CHAPTER 7

SCIENTIFIC RESEARCH AND DEVELOPMENT

Scientific and technological research, particularly with regard to product development, is an extremely important part of the economic development process. Entire new industries, which play a major role in the structure of the economy, are the outgrowth of scientific discovery and invention. Yet, new industries and new ideas their development will spawn cannot prosper without continued basic and applied scientific research. The importance of this piece of the economic development puzzle cannot be overemphasized.

In the last few decades, entire regions have recovered from difficult recessionary periods through development of space and electronics industries. Data processing and computer technology, for example, are currently very important to the East and parts of California, along with various other sections of the country.

Private industry has been aware of the importance of scientific development for some time. Following their lead, state officials are now placing increased emphasis on research and development through greater use of research and development facilities and the creation of additional ones.

A range of scientific research facilities currently operate in almost every state, and no state is without resources in this area. State agencies, state universities, federal installations, private industry, private colleges and universities, and consulting firms are all sources of research and scientific development. They also create a reservoir of highly trained personnel, which contributes a great deal to a favorable scientific and technological environment.

Eighteen states provide a directory of research and development services. Usually the directory is prepared by the economic development agency; however, there are a few variations. In Indiana the directory is prepared by the Indiana Corporation of Science and Technology. In Michigan it is prepared with much assistance from the Institute of Science and Technology at the University of Michigan, while in Pennsylvania the Pennsylvania Science and Engineering Foundation has funded a study which produced a state directory. Illinois and Missouri do not provide a directory per se, but the development office responds to inquiries and provides information upon request. (See Table 21.)

State Universities

Universities and specialized technical schools are perhaps the most important single sources for research and development facilities and personnel. In addition to highly-skilled individuals and the students they train, research conducted in university laboratories often interests business and industry. In fact, many universities contract for research projects designed specifically for industry. Finally, universities can provide assistance to state economic development agencies, either by performing scientific research beneficial to the state or by helping to increase the state's research and development potential. The Research Triangle Park in North Carolina, which is near Duke University, the University of North Carolina, and North Carolina State University, is an excellent example of a conscious effort to use existing educational resources in the formation of a research complex. Thirty-nine state universities provide direct research and development work to corporate clients. Colorado, Delaware, Hawaii, Illinois, Massachusetts, North Dakota and Utah coordinate or broker such services through a state agency.

Research Parks

The research park is a specialized version of the industrial park. Instead of concentrating on heavy manufacturing, research parks contain laboratories and other research facilities of private industries, state and local government agencies, and occasionally educational institutions. Their development may be wholly private, a cooperative effort of public agencies and private institutions, or exclusively the function of a public agency. Ten states have agency-sponsored research parks, while four states have parks set up through the major state university. Missouri and New Mexico have that concept under consideration.

Scientific Advisory Councils

In dealing with the technical aspects of any economic development effort, key state officials are required to make decisions in areas in which they have limited expertise. To assist officials in making the best possible judgments, many states have set up scientific advisory councils. Eleven states have an advisory group, and several legislatures have created an office of science and technology advisory as well. Colorado and Connecticut are in the process of creating an advisory council, while Massachusetts reports that its once-active advisory board no longer exists.

Besides establishing scientific advisory coun-

cils, a growing number of states have created agencies to study industrial applications of science and technology. Although many of the agencies perform a function similar to that of the scientific advisory councils, they often serve as clearinghouses through which the latest scientific and technological information is made available both to industry and to research and development firms.

TABLE 21
State Activities Relating to Research and Development

State	Agency Providing Directory or R & D Services	State University	CONTRACT RESEARCH		Agency That Plans or Develops Research Parks	Scientific Advisory Council
		Provided Directly	Brokered Through State			
Alabama	The Alabama Development Office	•			Office of the Governor with input from universities	None
Alaska						
Arizona						
Arkansas						
California	Not applicable	•			Not applicable	Not applicable
Colorado	Not applicable	•		•	Not applicable	Pending
Connecticut	Economic Development	•			Economic Develop.	Information
Delaware	Not applicable	•		•		Not applicable
Florida	None	•			Research & Develop- ment Commission staff Governor appointed, support by Dept. of Commerce	None
Georgia		•				
Hawaii		•		•		Governor's Advisory Committee on Science and Technology
Idaho						
Illinois	Not available in directory	•		•	DCCA has worked with local communities to establish park in Chicago and in Campaign/Urbana	Governor's Commission on Science and High Technology
Indiana	Being prepared by Indiana Corporation for Science & Technology	•			State has none. Purdue has a research park & another is be- ing considered	Corporation for Science and Technology
Iowa	None	•			Not applicable	not applicable
Kansas	None	•			None	
Kentucky	None	•			None	None
Louisiana	Not applicable	•			Not applicable	Not applicable
Maine	Not applicable	•			Not applicable	Not applicable
Maryland	Dept. of Economic & Community Development	•			University of Maryland	Vacant
Massachusetts	None			•	Not applicable	No longer in existence
Michigan	Industrial Division, Institute of Science & Technology, University of Michigan,	•		•	Office of Economic Devel., Michigan Dept. of Commerce	
sponsored by office of Econ. Devel. Michigan Dept. of Commerce						
Minnesota	Not applicable		State agency not involved		Not applicable	
Mississippi	Mississippi Research and Development Center			•		
Missouri	No directory but Division of Community and Economic Development provides information	•		•	Non but under consideration	

TABLE 21 (continued)

Montana	Not applicable	•			Before the current legislative session
Nebraska		•			
Nevada		Not applicable		Not applicable	None
New Hampshire	Not issued in past few years	•			
New Jersey	Dept. of Commerce & Economic Development, Office of Industrial Development	•		New Jersey Economic Development Authority	Governor's Commission on Science and Technology Office for Promoting Technical Innovation
New Mexico	Being prepared by Economic Development Division	•		Rio Grande Research Corridor under consideration	Governor's Technical Excellence
New York	Dept. of Commerce - Div. of Business Research plans to update 1972 publication	•		Dept. of Commerce — Div. of Sciences and Technologies	
North Carolina	Commerce Department	•		Research Triangle Park Foundation — not a state agency	N.C. Board of Science & Technology
North Dakota	Economic Development Commission	•	•	None	Inactive at present
Ohio	Dept. of Devel. Office of	•	•	Not applicable	Technical advisory board is Ohio Technology Transfer Organization
Oklahoma		•			
Oregon	Not applicable	•		Not applicable	Not applicable
Pennsylvania	PA Science & Engineering Foundation funded a study which will provide a directory.	•	•	Ben Franklin Partnership, PA Industrial Dev. Auth.	Ben Franklin Partnership
Rhode Island	Dept. of Economic Development	•		None	None
South Carolina	State Development Board	•		SC Research Authority	
South Dakota	None	•		None	None
Tennessee	High Technology	•			
Texas	None	•		Research parks are usually developed by private organizations, foundations or universities	None
Utah	Economic Develop. Division		•		Advisory Council for Science & Technology
Vermont	Not applicable	•		Not applicable	Not applicable
Virginia	None	•		None	Governor's Science & Technology Task Force; Science & Technology Advisory Committee Governor's Commission and High Technology Training and Advancement
West Virginia	Economic Development Div. has listing of R&D Centers in state	•	•	Economic Devel. Division	
Wisconsin	Not applicable	•		None	None
Wyoming	None	Not applicable	Not applicable	Not applicable	Not applicable
Puerto Rico					

CHAPTER 8

OTHER STATE DEVELOPMENT PROGRAMS

In addition to the areas of state economic development already mentioned, state programs operate in a number of specialized areas, including agriculture, port development, public works, and federally-supported activities.

Agriculture

Economic development agencies in nearly every state cooperate with state and federal departments of agriculture, state universities, and the producers and processors of agricultural products to promote special products, develop new markets and improve processing facilities.

Extractive and Processing Industries

Fishing, mining and forestry have long histories as industries in the United States. Most states offer a range of services, typically through a joint effort between the economic development agency and either a specialized state agency, state university or research foundation.

Port Development

Water-borne commerce is usually promoted through state and local port development. While carriers are privately owned, port facilities are almost always government-operated, either directly or indirectly. Both coastal and inland ports are operated by authorities (either state or municipal), and their size and function varies from state to state. The economic development role of the state port authority and the relationship between the authority and the state development agency is growing in importance. In many states, this relationship is integral to the state economic development program.

The Federal Role in State Development Programs

Federal development programs offer federal

money on a matching basis to assist states in performing specific development functions. The most common of these are area development, small business loans, manpower development and training, urban and rural development, and economic opportunity. In many states, the state economic development agency serves as a clearinghouse for federal development program information, and often serves as an agent for local community and development organizations seeking federal development program assistance.

Film Productions

Many states promote themselves as filming locations for motion pictures, television movies and segments, commercials, and industrial and educational films. When production companies film on location, they spend an estimated 25 to 50 percent of their below-the-line budget in the location community. When film budgets range from \$1-\$5 million, the community may receive a significant economic boost. In addition, it is estimated that for every dollar spent directly by the production company, another \$4-\$5 more is spent by the cast and crew.

The local economy also benefits from something called the "multiplier effect." Industry experts believe that every dollar spent in the community will turn over three times.

Ohio reported that since its Film Bureau was created in 1976, 30 theatrical features, television movies, segments, or pilots have been shot in that state, leaving more than \$30 million and creating more than 27,000 man-days of work for Ohio residents.

The potential for further development of film activity is great, and many states are finding the film industry a very important part of their economic development picture.

AFTERWORD

The trend in economic development is towards a broader, more comprehensive view of the economic development process, with emphasis on fully integrating economic development activities with other state programs, and on expansion of traditional markets for state products to new, diversified constituencies. The role of the economic development agency continues to grow and to become more significant during difficult economic times.

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